

Message Text

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PAGE 01 STATE 168047
ORIGIN XMB-04

INFO OCT-01 ARA-14 ISO-00 EB-08 AID-05 CIAE-00 COME-00
FRB-01 INR-10 NSAE-00 ICA-20 TRSE-00 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 /077 R

XMB

DRAFTED BY XMB: R. SIMONINI/PRC
APPROVED BY ARA/AND/ SERGEANT
XMB: T. A. CHAPMAN
EB/IFD/ODF:TPARKER

-----010647 031759Z /40

R 031423Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY CARACAS

UNCLAS STATE 168047

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: VENEZUELA - C.V.G. SIDERURGICA DEL ORINOCO C.A.

1. EXIMBANK APPROVED PRELIMINARY COMMITMENT OF
FINANCING - NO. 78-0-4213 - TO SUPPORT PULLMAN
SWINDELL IN BIDDING FOR A 10.25 MILLION DOLLAR COLD
BRIQUETTING FINE PLANT. TERMS OF THE EXIMBANK
COMMITMENT INCLUDE A 15 PERCENT CASH PAYMENT, 60
PERCENT EXIMBANK CREDIT AT AN INTEREST RATE OF 8-1/4
PERCENT AND PRIVATE FINANCING OF 25 PERCENT AT
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COMMERCIAL RATES ESTIMATED TODAY TO BE ABOUT 10
PERCENT PER ANNUM. THE BLENDED RATE OF FINANCING IS
ESTIMATED TO BE 8.9 PERCENT. REPAYMENTS WOULD BE
IN 14 EQUAL SEMIANNUAL INSTALLMENTS BEGINNING SIX
MONTHS AFTER START-UP WHICH IS ESTIMATED TO OCCUR
IN DECEMBER, 1980. NOTE: A COPY OF EXIMBANK'S P.C.
LETTER WAS POUCHED TO EMBASSY ON JUNE 9.

2. U.S. SUPPLIER INFORMS THAT THEIR REPRESENTATIVE

MET WITH CARLOS CARPIO OF CVG-SIDOR, WHO WE UNDERSTAND
IS A SPECIAL FINANCIAL ASSISTANT TO THE PRESIDENT OF
CVG, TO DISCUSS THE EXIMBANK OFFER. MR. CARPIO
INDICATED TO PULLMAN SWINDELL REPRESENTATIVE THAT

EXIMBANK'S FINANCING WOULD COST SIDOR IN EXCESS OF 13
PERCENT PER ANNUM AND AS A RESULT WAS NOT ATTRACTIVE.

3. WE ARE CONCERNED THAT SIDOR MAY NOT FULLY UNDERSTAND
EXIMBANK OFFER WHICH WE ESTIMATE WILL COST ABOUT 8.9
PERCENT PER ANNUM.

4. REQUEST THAT EMBASSY CONTACT MR. CARPIO TO CLARIFY
DIFFERENCE OF OPINION. WE ARE ESPECIALLY INTERESTED
IN LEARNING IF THERE ARE ANY HIDDEN FINANCING COSTS TO
SIDOR THAT WE ARE NOT AWARE. VANCE

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Message Attributes

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